

ESMA provides input to the Commission on improvements for ELTIF

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, today sent [a letter](#) to the European Commission consultation on the review of the European Long Term Investment Funds (ELTIF) Regulation. ESMA highlights the key topics of the ELTIF review where we see the need to consider amendments to this framework.

In order to increase use of the ELTIF framework, ESMA proposes changes aimed at bringing ELTIFs more in line with the needs of investors (both retail and professional). This would make it a more attractive investment vehicle for professional investors, as well as a potential savings' placement alternative for retail investors, further improving the access to funding for SMEs and enable the ELTIF framework to achieve its purpose of assisting in the recovery of the European economy and in the deepening of the Capital Markets Union.

In the letter, ESMA proposes amendments in the following areas:

- Eligible assets and investments;
- Authorisation process;
- Portfolio composition and diversification;
- Redemptions; and
- Prospectus and cost disclosure.

The creation of the ELTIF legal framework was aimed at increasing European long-term investments in the real economy, such as infrastructure projects, real estate and listed and unlisted SMEs.

Next steps

Following the consultation of ESMA and stakeholders, the Commission is expected to submit to the EU Parliament and Council a report assessing the functioning of ELTIFs in the context of the CMU project and suggesting a review of the ELTIF Regulation. ESMA is ready to assist the Commission in revising the ELTIF framework.